Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

"The Shire on Two Rivers"

Wentworth Shire Council

General Purpose Financial Statements
for the financial year ended 30 June 2014

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Wentworth Shire Council.

(ii) Wentworth Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 03 November 2014.
Council has the power to amend and reissue these financial statements.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & “Net Wealth”.

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &

2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

More information…

A review of Council's financial performance and position for the 13/14 financial year can be found at Note 28 of the financial statements.

Wentworth Shire Council

General Purpose Financial Statements
for the financial year ended 30 June 2014

Statement by Councillors and Management
made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 10 October 2014.

Don McKinnon
MAYOR

Paul Cohrs
COUNCILLOR

Peter Kozlowski
GENERAL MANAGER

Simon Rule
RESPONSIBLE ACCOUNTING OFFICER

Wentworth Shire Council

Income Statement
for the financial year ended 30 June 2014

Budget 2014 [1]	$ '000	Notes	Actual 2014	Actual 2013
	Income from Continuing Operations			
	Revenue:			
7,386	Rates & Annual Charges	3a	7,312	7,056
2,407	User Charges & Fees	3b	3,934	4,071
837	Interest & Investment Revenue	3c	1,008	986
707	Other Revenues	3d	511	513
4,721	Grants & Contributions provided for Operating Purposes	3e,f	4,955 [2]	6,096
2,343	Grants & Contributions provided for Capital Purposes	3e,f	2,201	3,177
	Other Income:			
100	Net gains from the disposal of assets	5	79	10
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
18,501	Total Income from Continuing Operations		20,000	21,909
	Expenses from Continuing Operations			
7,375	Employee Benefits & On-Costs	4a	7,249	7,444
94	Borrowing Costs	4b	48	66
4,217	Materials & Contracts	4c	5,467	4,517
7,267	Depreciation & Amortisation	4d	7,230	6,801
-	Impairment	4d	-	-
2,199	Other Expenses	4e	1,876	2,010
21,152	Total Expenses from Continuing Operations		21,870	20,838
(2,651)	Operating Result from Continuing Operations		**(1,870)**	**1,071**
	Discontinued Operations			
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(2,651)	Net Operating Result for the Year		(1,870)	1,071
(2,651)	**Net Operating Result attributable to Council**		(1,870)	1,071
-	**Net Operating Result attributable to Non-controlling Interests**		-	-
(4,994)	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		(4,071)	(2,106)

[1] Original Budget as approved by Council - refer Note 16

[2] Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Wentworth Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		**(1,870)**	**1,071**
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	9,666	1,153
Total Items which will not be reclassified subsequently to the Operating Result		*9,666*	*1,153*
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		**9,666**	**1,153**
Total Comprehensive Income for the Year		7,796	2,224
Total Comprehensive Income attributable to Council		7,796	2,224
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Wentworth Shire Council

Statement of Financial Position
as at 30 June 2014

$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	15,789	11,970
Investments	6b	8,000	9,000
Receivables	7	3,919	6,219
Inventories	8	478	504
Other	8	114	122
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		**28,300**	**27,815**
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	277,204	267,950
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		**277,204**	**267,950**
TOTAL ASSETS		305,504	295,765
LIABILITIES			
Current Liabilities			
Payables	10	3,473	1,303
Borrowings	10	211	146
Provisions	10	1,612	1,610
Total Current Liabilities		**5,296**	**3,059**
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	310	604
Provisions	10	258	258
Total Non-Current Liabilities		**568**	**862**
TOTAL LIABILITIES		5,864	3,921
Net Assets		299,640	291,844
EQUITY			
Retained Earnings	20	32,437	34,307
Revaluation Reserves	20	267,203	257,537
Council Equity Interest		299,640	291,844
Non-controlling Interests		-	-
Total Equity		299,640	291,844

This Statement should be read in conjunction with the accompanying Notes.

Wentworth Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		34,307	257,537	**291,844**	-	**291,844**
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		**34,307**	**257,537**	**291,844**	-	**291,844**
c. Net Operating Result for the Year		**(1,870)**	-	**(1,870)**	-	**(1,870)**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	9,666	**9,666**	-	**9,666**
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Reversal of Asset Revaluation Reserve	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	**9,666**	**9,666**	-	**9,666**
Total Comprehensive Income (c&d)		**(1,870)**	**9,666**	**7,796**	-	**7,796**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		**32,437**	**267,203**	**299,640**	-	**299,640**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		31,471	258,149	**289,620**	-	**289,620**
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		**31,471**	**258,149**	**289,620**	-	**289,620**
c. Net Operating Result for the Year		1,071	-	**1,071**	-	**1,071**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,153	**1,153**	-	**1,153**
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Reversal of Asset Revaluation Reserve	20b (ii)	1,765	(1,765)	-	-	-
Other Comprehensive Income		**1,765**	**(612)**	**1,153**	-	**1,153**
Total Comprehensive Income (c&d)		**2,836**	**(612)**	**2,224**	-	**2,224**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		**34,307**	**257,537**	**291,844**	-	**291,844**

Wentworth Shire Council

Statement of Cash Flows
for the financial year ended 30 June 2014

Budget 2014	$ '000	Notes	Actual 2014	Actual 2013
	Cash Flows from Operating Activities			
	Receipts:			
7,405	Rates & Annual Charges		9,559	6,275
2,419	User Charges & Fees		4,275	4,125
896	Investment & Interest Revenue Received		1,099	1,052
6,186	Grants & Contributions		7,227	9,721
304	Other		1,243	1,285
	Payments:			
(7,346)	Employee Benefits & On-Costs		(7,240)	(7,602)
(5,750)	Materials & Contracts		(6,265)	(5,287)
(89)	Borrowing Costs		(51)	(69)
(2,201)	Other		(57)	(2,404)
1,824	**Net Cash provided (or used in) Operating Activities**	11b	9,790	7,096
	Cash Flows from Investing Activities			
	Receipts:			
1,372	Sale of Investment Securities		57,000	43,500
528	Sale of Infrastructure, Property, Plant & Equipment		109	174
	Payments:			
-	Purchase of Investment Securities		(56,000)	(38,500)
(10,032)	Purchase of Infrastructure, Property, Plant & Equipment		(6,848)	(5,021)
-	Purchase of Real Estate Assets		(3)	(4)
(8,132)	**Net Cash provided (or used in) Investing Activities**		(5,742)	149
	Cash Flows from Financing Activities			
	Receipts:			
1,000	Proceeds from Borrowings & Advances		-	-
	Payments:			
(238)	Repayment of Borrowings & Advances		(229)	(211)
762	**Net Cash Flow provided (used in) Financing Activities**		(229)	(211)
(5,546)	**Net Increase/(Decrease) in Cash & Cash Equivalents**		3,819	7,034
8,264	plus: **Cash & Cash Equivalents - beginning of year**	11a	11,970	4,936
2,718	**Cash & Cash Equivalents - end of the year**	11a	15,789	11,970
	Additional Information:			
	plus: **Investments on hand - end of year**	6b	8,000	9,000
	Total Cash, Cash Equivalents & Investments		23,789	20,970

Please refer to Note 11 for information on the following:
- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

This Statement should be read in conjunction with the accompanying Notes.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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n/a - not applicable

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

(a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or

(b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

(i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Estimated fair values of investment properties

(ii) Estimated fair values of infrastructure, property, plant and equipment.

(iii) Estimated remediation provisions.

Critical judgements in applying Council's accounting policies

(i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Wentworth Shire Council Water Supply Fund
- Wentworth Shire Council Sewerage Fund

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as **"fair value through profit or loss"** category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as **"available-for-sale"** are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as **"available-for-sale"** are sold or impaired, the accumulated fair value

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.
If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Water and Sewerage Networks**
  (External Valuation)
- **Operational Land** (Internal Valuation)
- **Buildings – Specialised/Non Specialised**
  (External Valuation)
- **Plant and Equipment**
  (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
  (External Valuation)
- **Drainage Assets** (External Valuation)
- **Community Land** (Internal Valuation)

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- **Land Improvements**
  (External Valuation)

- **Other Structures**
  (External Valuation)

- **Other Assets**
  (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised
Plant & Equipment	
Office Furniture	> $1,000
Office Equipment	> $1,000
Other Plant &Equipment	> $1,000
Buildings & Land Improvements	
Park Furniture & Equipment	> $1,000
Building	
- construction/extensions	100% Capitalised
- renovations	> $1,000

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Other Structures	> $1,000
Water & Sewer Assets	
Reticulation extensions	100% Capitalised
Other	100% Capitalised
Stormwater Assets	
Drains & Culverts	100% Capitalised
Other	100% Capitalised
Transport Assets	
Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	100% Capitalised
Bridge construction & reconstruction	100% Capitalised

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method (or describe here any other methods Council uses) in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Office Equipment	3 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years
Other Equipment	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
- Library Books	5 to 15 years
Buildings	
- Buildings : Masonry	10 to 33 years
- Buildings : Other	10 years
Stormwater Drainage	
- Drains	50 to 100 years
- Culverts	50 to 100 years
- Flood Control Structures	50 to 100 years
Transportation Assets	
- Sealed Roads : Surface	15 to 25 years
- Sealed Roads : Structure	100 years
- Unsealed roads	100 years
- Bridge : Concrete	50 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years
Water & Sewer Assets	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Pumps	50 to 100 years
Other Infrastructure Assets	
- Bulk earthworks	50 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(r) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.
Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.
These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(q) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(r) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(u) Borrowing costs

Borrowing costs are expensed.

(v) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(w) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(x) Self insurance

Council does not self insure.

(y) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(z) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.
Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable form the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and ***AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*** *(effective from 1 January 2017)*

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets *(effective for 30 June 2015 Financial Statements)*

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements *and* ***AASB 128 Investments in Associates and Joint Ventures*** *and* ***AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*** *(effective for 30 June 2015 Financial Statements for not-for-profit entities)*

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a “partial disposal” concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

None

There are no other standards that are “not yet effective” and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

(ab) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(ac) Comparative Figures

To ensure comparability with the current reporting period’s figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ad) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

$ '000	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
Functions/Activities	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Governance	-	-	-	417	321	421	(417)	(321)	(421)	-	-	-	-
Administration	567	1,627	1,028	3,279	3,879	3,511	(2,712)	(2,252)	(2,483)	15	35	33,812	26,920
Public Order & Safety	413	320	441	689	716	757	(276)	(396)	(316)	266	367	1,196	1,235
Health	14	9	10	197	66	74	(183)	(57)	(64)	-	-	-	-
Environment	31	153	103	250	303	279	(219)	(150)	(176)	132	102	7,429	8,889
Community Services & Education	32	28	75	144	83	173	(112)	(55)	(98)	-	45	760	802
Housing & Community Amenities	225	467	290	1,418	1,643	1,352	(1,193)	(1,176)	(1,062)	53	107	8,204	8,193
Water Supplies	1,726	2,598	2,379	1,814	1,739	1,517	(88)	859	862	198	145	27,036	25,610
Sewerage Services	1,370	1,438	1,395	1,289	1,118	956	81	320	439	17	47	19,212	18,575
Recreation & Culture	1,110	139	373	1,842	1,971	1,910	(732)	(1,832)	(1,537)	32	285	8,937	8,901
Mining, Manufacturing & Construction	33	58	35	181	215	212	(148)	(157)	(177)	-	-	4	8
Transport & Communication	3,931	4,885	5,940	8,243	9,049	8,667	(4,312)	(4,164)	(2,727)	1,386	1,586	196,941	194,589
Economic Affairs	850	544	394	1,389	767	1,009	(539)	(223)	(615)	360	127	1,973	2,043
Total Functions & Activities	**10,302**	**12,266**	**12,463**	**21,152**	**21,870**	**20,838**	**(10,850)**	**(9,604)**	**(8,375)**	**2,459**	**2,846**	**305,504**	**295,765**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income [1]	8,199	7,734	9,446	-	-	-	8,199	7,734	9,446	2,682	4,519	-	-
Operating Result from Continuing Operations	**18,501**	**20,000**	**21,909**	**21,152**	**21,870**	**20,838**	**(2,651)**	**(1,870)**	**1,071**	**5,141**	**7,365**	**305,504**	**295,765**

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE
Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION
Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY
Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH
Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT
Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION
Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES
Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES
SEWERAGE SERVICES

RECREATION & CULTURE
Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION
Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION
Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS
Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,483	1,437
Farmland		1,487	1,442
Business		1,289	1,247
Total Ordinary Rates		**4,259**	**4,126**
Special Rates			
Tourism		37	37
Levee Bank		112	111
Total Special Rates		**149**	**148**
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		573	532
Water Supply Services		986	942
Sewerage Services		1,345	1,308
Total Annual Charges		**2,904**	**2,782**
TOTAL RATES & ANNUAL CHARGES		7,312	7,056

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		1,190	1,149
Total User Charges		**1,190**	**1,149**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspection Services		5	-
Planning & Building Regulation		183	139
Private Works - Section 67		21	122
Section 149 Certificates (EPA Act)		44	44
Section 603 Certificates		15	15
Tapping Fees		22	-
Total Fees & Charges - Statutory/Regulatory		**290**	**320**
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Aerodrome		29	29
Animal Control		19	17
Cemeteries		73	54
Library & Art Gallery		1	2
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,234	2,444
Waste Disposal Tipping Fees		48	-
Other		50	56
Total Fees & Charges - Other		**2,454**	**2,602**
TOTAL USER CHARGES & FEES		3,934	4,071

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		325	86
- Interest earned on Investments (interest & coupon payment income)		627	829
Other		56	71
TOTAL INTEREST & INVESTMENT REVENUE		1,008	986
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		325	86
General Council Cash & Investments		468	715
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		25	33
Water Fund Operations		136	117
Sewerage Fund Operations		54	35
Total Interest & Investment Revenue Recognised		**1,008**	**986**
(d) Other Revenues			
Rental Income - Other Council Properties		103	100
Facilities Revenue		79	84
Insurance Claim Recoveries		94	103
Insurance Rebates		47	45
Rural Fire Service Reimbursements		25	46
Sales - Miscellaneous		113	84
Other		50	51
TOTAL OTHER REVENUE		511	513

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

$ '000		2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component	[1]	1,706	2,700	-	-
Financial Assistance - Local Roads Component	[1]	930	1,773	-	-
Pensioners' Rates Subsidies - General Component		46	46	-	-
Total General Purpose		**2,682**	**4,519**	**-**	**-**

[1] The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	19	19	-	-
- Sewerage	17	17	-	-
- Domestic Waste Management	20	19	-	-
Water Supplies	179	93	-	-
Bushfire & Emergency Services	626	381	-	-
Economic Development	-	127	-	-
Employment & Training Programs	15	35	-	-
Environmental Protection	-	50	-	14
Flood Restoration	-	-	278	367
Heritage & Cultural	2	3	-	-
Library	-	-	-	32
Library - per capita	26	27	-	-
Library - special projects	-	-	6	6
Noxious Weeds	132	38	-	-
Recreation & Culture	-	45	34	-
Street Lighting	31	31	-	-
Transport (Roads to Recovery)	-	-	768	1,426
Transport (Other Roads & Bridges Funding)	287	-	-	84
Water Transport	19	-	-	32
Total Specific Purpose	**1,373**	**885**	**1,086**	**1,961**
Total Grants	**4,055**	**5,404**	**1,086**	**1,961**
Grant Revenue is attributable to:				
- Commonwealth Funding	2,853	4,603	768	1,426
- State Funding	1,202	779	318	535
- Other Funding	-	22	-	-
	4,055	**5,404**	**1,086**	**1,961**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

$ '000		2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the LGA):					
S 94 - Contributions towards amenities/services		-	-	134	7
S 64 - Water Supply Contributions		-	-	49	33
S 64 - Sewerage Service Contributions		-	-	16	30
Total Developer Contributions	17	**-**	**-**	**199**	**70**
Other Contributions:					
Community Services		1	-	-	-
Recreation & Culture		-	-	-	220
Roads & Bridges		-	71	7	-
RMS Contributions (Regional Roads, Block Grant)		899	621	909	926
Total Other Contributions		**900**	**692**	**916**	**1,146**
Total Contributions		900	692	1,115	1,216
TOTAL GRANTS & CONTRIBUTIONS		4,955	6,096	2,201	3,177

$ '000	Actual 2014	Actual 2013
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	4,309	4,272
add: Grants & contributions recognised in the current period but not yet spent:	134	2,714
less: Grants & contributions recognised in a previous reporting period now spent:	(3,107)	(2,677)
Net Increase (Decrease) in Restricted Assets during the Period	**(2,973)**	**37**
Unexpended and held as Restricted Assets	1,336	4,309
Comprising:		
- Specific Purpose Unexpended Grants	483	3,455
- Developer Contributions	853	854
	1,336	**4,309**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		5,760	5,834
Travelling		25	38
Employee Leave Entitlements (ELE)		1,012	1,100
Superannuation - Defined Contribution Plans		460	452
Superannuation - Defined Benefit Plans		193	219
Workers' Compensation Insurance		290	383
Fringe Benefit Tax (FBT)		26	49
Training Costs (other than Salaries & Wages)		99	87
Recruitment		43	29
Uniforms		39	32
Total Employee Costs		**7,947**	**8,223**
less: Capitalised Costs		(698)	(779)
TOTAL EMPLOYEE COSTS EXPENSED		7,249	7,444
Number of "Equivalent Full Time" Employees at year end		**94**	**95**
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		**98**	**97**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		48	66
Total Interest Bearing Liability Costs Expensed		**48**	**66**
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		48	66
(c) Materials & Contracts			
Raw Materials & Consumables		1,716	1,292
Contractor & Consultancy Costs		7,134	6,069
Auditors Remuneration (1)		36	36
Legal Expenses:			
- Legal Expenses: Debt Recovery		289	258
- Legal Expenses: Other		38	55
Total Materials & Contracts		**9,213**	**7,710**
less: Capitalised Costs		(3,746)	(3,193)
TOTAL MATERIALS & CONTRACTS		5,467	4,517

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2014	Actual 2013

(c) Materials & Contracts (continued)

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services		
- Audit & review of financial statements: Council's Auditor	36	36
Remuneration for audit and other assurance services	**36**	**36**
Total Auditor Remuneration	**36**	**36**

		Impairment Costs		Depreciation/Amortisation	
$ '000	Notes	Actual 2014	Actual 2013	Actual 2014	Actual 2013

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	632	684
Office Equipment	-	-	96	126
Furniture & Fittings	-	-	14	14
Land Improvements (depreciable)	-	-	106	102
Buildings - Non Specialised	-	-	39	39
Buildings - Specialised	-	-	357	352
Other Structures	-	-	305	260
Infrastructure:				
- Roads	-	-	4,775	4,708
- Stormwater Drainage	-	-	4	33
- Water Supply Network	-	-	344	216
- Sewerage Network	-	-	528	242
Other Assets				
- Library Books	-	-	30	25
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	-	-	7,230	6,801

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		22	37
Bad & Doubtful Debts		21	91
Bank Charges		23	22
Cleaning		58	46
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		14	17
- NSW Fire Brigade Levy		21	-
- NSW Rural Fire Service Levy		183	194
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		94	92
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		95	99
Donations, Contributions & Assistance to other organisations (Section 356)		145	141
Election Expenses		-	45
Electricity & Heating		185	180
Insurance		308	352
Office Expenses (including computer expenses)		268	230
Postage		19	23
Printing & Stationery		43	44
Street Lighting		94	119
Subscriptions & Publications		37	36
Telephone & Communications		77	72
Tourism Expenses (excluding employee costs)		118	119
Valuation Fees		28	29
TOTAL OTHER EXPENSES		1,876	2,010

Note 5. Gains or Losses from the Disposal of Assets

Plant & Equipment		
Proceeds from Disposal - Plant & Equipment	109	119
less: Carrying Amount of P&E Assets Sold / Written Off	(30)	(109)
Net Gain/(Loss) on Disposal	**79**	**10**
Financial Assets*		
Proceeds from Disposal / Redemptions / Maturities - Financial Assets	57,000	43,500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured	(57,000)	(43,500)
Net Gain/(Loss) on Disposal	**-**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	79	10

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,789	-	1,970	-
Cash-Equivalent Assets[1]					
- Short Term Deposits		13,000	-	10,000	-
Total Cash & Cash Equivalents		**15,789**	**-**	**11,970**	**-**
Investments (Note 6b)					
- Long Term Deposits		8,000	-	9,000	-
Total Investments		**8,000**	**-**	**9,000**	**-**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		23,789	-	20,970	-

[1] Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:					
Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		**15,789**	**-**	**11,970**	**-**
Investments					
b. "Held to Maturity"	6(b-ii)	8,000	-	9,000	-
Investments		**8,000**	**-**	**9,000**	**-**

Note 6(b-i)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	9,000	-	14,000	-
Additions	56,000	-	38,500	-
Disposals (sales & redemptions)	(57,000)	-	(43,500)	-
Balance at End of Year	**8,000**	**-**	**9,000**	**-**
Comprising:				
- Long Term Deposits	8,000	-	9,000	-
Total	**8,000**	**-**	**9,000**	**-**

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Total Cash, Cash Equivalents and Investments	23,789	-	20,970	-
attributable to:				
External Restrictions (refer below)	7,542	-	8,388	-
Internal Restrictions (refer below)	6,908	-	8,089	-
Unrestricted	9,339	-	4,493	-
	23,789	**-**	**20,970**	**-**

2014 $ '000		Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions					
External Restrictions - Included in Liabilities					
Nil					
External Restrictions - Other					
Developer Contributions - General	(D)	854	224	(225)	853
Specific Purpose Unexpended Grants	(F)	3,455	-	(2,972)	483
Water Supplies	(G)	3,055	1,035	-	4,090
Sewerage Services	(G)	896	725	-	1,621
Domestic Waste Management	(G)	-	329	-	329
Council Reserves - Caravan Park		128	38	-	166
External Restrictions - Other		8,388	2,351	(3,197)	7,542
Total External Restrictions		**8,388**	**2,351**	**(3,197)**	**7,542**
Internal Restrictions					
Plant & Vehicle Replacement		2,542	-	(1,042)	1,500
Employees Leave Entitlement		1,720	-	-	1,720
Future Development		1,113	-	-	1,113
Capital Projects		2,714	-	(139)	2,575
Total Internal Restrictions		**8,089**	**-**	**(1,181)**	**6,908**
TOTAL RESTRICTIONS		16,477	2,351	(4,378)	14,450

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 7. Receivables

$ '000	Notes	2014 Current	2014 Non Current	2013 Current	2013 Non Current
Purpose					
Rates & Annual Charges		2,222	-	4,455	-
Interest & Extra Charges		163	-	167	-
User Charges & Fees		25	-	64	-
Private Works		4	-	10	-
Contributions to Works		38	-	126	-
Accrued Revenues					
- Interest on Investments		123	-	210	-
- Other Income Accruals		1,044	-	991	-
Government Grants & Subsidies		286	-	152	-
Net GST Receivable		46	-	62	-
Total		**3,951**	**-**	**6,237**	**-**
less: Provision for Impairment					
Rates & Annual Charges		(31)	-	(17)	-
User Charges & Fees		(1)	-	(1)	-
Total Provision for Impairment - Receivables		**(32)**	**-**	**(18)**	**-**
TOTAL NET RECEIVABLES		3,919	-	6,219	-
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		-	-	58	-
- Rates & Availability Charges		420	-	918	-
- Other		686	-	36	-
Sewerage Services					
- Rates & Availability Charges		214	-	250	-
- Other		38	-	38	-
Total External Restrictions		**1,358**	**-**	**1,300**	**-**
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		**2,561**	**-**	**4,919**	**-**
TOTAL NET RECEIVABLES		3,919	-	6,219	-

Notes on Debtors above:

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

(v) An amount of $2,439 in outstanding rates was paid during this financial year however this payment is still subject to court proceedings

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

$ '000	Notes	2014 Current	2014 Non Current	2013 Current	2013 Non Current
Inventories					
Real Estate for resale (refer below)		318	-	315	-
Stores & Materials		160	-	189	-
Total Inventories		**478**	**-**	**504**	**-**
Other Assets					
Prepayments		114	-	122	-
Total Other Assets		**114**	**-**	**122**	**-**
TOTAL INVENTORIES / OTHER ASSETS		592	-	626	-

Externally Restricted Assets
There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	314	-	311	-
Industrial/Commercial	4	-	4	-
Total Real Estate for Resale	**318**	**-**	**315**	**-**

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition Costs	182	-	182	-
Development Costs	136	-	133	-
Total Costs	**318**	**-**	**315**	**-**
Total Real Estate for Resale	**318**	**-**	**315**	**-**

Movements:

Real Estate assets at beginning of the year	315	-	311	-
- Purchases and other costs	3	-	4	-
Total Real Estate for Resale	**318**	**-**	**315**	**-**

(b) Current Assets not anticipated to be settled within the next 12 months
The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2014	2013
Real Estate for Resale	318	315
	318	**315**

(c) Inventory Write Downs
There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2013					Asset Movements during the Reporting Period							as at 30/6/2014				
$ '000	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Plant & Equipment	-	12,645	9,168	-	3,477	839	-	(30)	(632)	-	-	100	-	13,090	9,336	-	3,754
Office Equipment	-	2,096	1,890	-	206	105	-	-	(96)	-	-	-	-	2,201	1,986	-	215
Furniture & Fittings	-	305	234	-	71	-	-	-	(14)	-	-	-	-	305	248	-	57
Land:																	
- Operational Land	-	135	-	-	135	-	-	-	-	-	-	-	-	135	-	-	135
- Community Land	-	7,154	-	-	7,154	-	-	-	-	-	-	-	-	7,154	-	-	7,154
Land Improvements - depreciable	-	3,652	398	-	3,254	37	-	-	(106)	-	-	726	-	6,781	2,870	-	3,911
Buildings - Non Specialised	-	912	194	-	718	-	-	-	(39)	-	-	220	-	2,067	1,168	-	899
Buildings - Specialised	-	10,421	1,689	-	8,732	153	-	-	(357)	-	-	7,417	-	41,190	25,245	-	15,945
Other Structures	-	10,691	1,492	-	9,199	1,120	-	-	(305)	(1,047)	(2,185)	145	-	9,342	2,415	-	6,927
Infrastructure:																	
- Roads	-	262,573	69,929	243	192,401	3,999	243	-	(4,775)	-	-	2,086	-	270,703	76,749	-	193,954
- Footpaths	-	-	-	-	-	130	-	-	-	-	-	-	-	130	-	-	130
- Stormwater Drainage	-	4,531	821	-	3,710	98	-	-	(4)	-	-	93	-	4,731	834	-	3,897
- Water Supply Network	-	38,400	16,864	-	21,536	72	-	-	(344)	-	-	595	-	39,550	17,691	-	21,859
- Sewerage Network	-	35,926	18,670	-	17,256	12	-	-	(528)	-	-	469	-	36,944	19,735	-	17,209
- Swimming Pools	-	-	-	-	-	-	-	-	-	633	-	-	-	2,027	1,394	-	633
- Other Open Space/Recreational Assets	-	-	-	-	-	-	-	-	-	414	-	-	-	609	195	-	414
Other Assets:																	
- Library Books	-	1,359	1,258	-	101	40	-	-	(30)	-	-	-	-	1,399	1,288	-	111
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**-**	**390,800**	**122,607**	**243**	**267,950**	**6,605**	**243**	**(30)**	**(7,230)**	**-**	**(2,185)**	**11,851**	**-**	**438,358**	**161,154**	**-**	**277,204**

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals ($4,464) and New Assets ($0).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

$ '000	Actual 2014				Actual 2013			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Infrastructure	-	39,562	17,696	**21,866**	-	38,413	16,870	**21,543**
Total Water Supply	**-**	**39,562**	**17,696**	**21,866**	**-**	**38,413**	**16,870**	**21,543**
Sewerage Services								
Infrastructure	-	37,101	19,762	**17,339**	-	36,083	18,693	**17,390**
Total Sewerage Services	**-**	**37,101**	**19,762**	**17,339**	**-**	**36,083**	**18,693**	**17,390**
TOTAL RESTRICTED I,PP&E	**-**	**76,663**	**37,458**	**39,205**	**-**	**74,496**	**35,563**	**38,933**

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2014 Current	2014 Non Current	2013 Current	2013 Non Current
Payables					
Goods & Services - operating expenditure		43	-	37	-
Goods & Services - capital expenditure		41	-	41	-
Payments Received In Advance		308	-	278	-
Accrued Expenses:					
- Borrowings		2	-	5	-
- Salaries & Wages		140	-	102	-
- Other Expenditure Accruals		2,672	-	696	-
Trust Account - Money Held in Trust		267	-	144	-
Total Payables		**3,473**	**-**	**1,303**	**-**
Borrowings					
Loans - Secured [1]		211	310	146	604
Total Borrowings		**211**	**310**	**146**	**604**
Provisions					
Employee Benefits;					
Annual Leave		715	-	702	-
Long Service Leave		731	81	728	79
Gratuities		166	27	180	29
Sub Total - Aggregate Employee Benefits		**1,612**	**108**	**1,610**	**108**
Asset Remediation/Restoration (Future Works)	26	-	150	-	150
Total Provisions		**1,612**	**258**	**1,610**	**258**
Total Payables, Borrowings & Provisions		5,296	568	3,059	862

(i) Liabilities relating to Restricted Assets

	2014 Current	2014 Non Current	2013 Current	2013 Non Current
Externally Restricted Assets				
Water	5	-	7	-
Sewer	131	-	82	200
Liabilities relating to externally restricted assets	136	-	89	200
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	136	-	89	200
Total Liabilities relating to Unrestricted Assets	5,160	568	2,970	662
TOTAL PAYABLES, BORROWINGS & PROVISIONS	5,296	568	3,059	862

[1.] Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions (continued)

$ '000	Actual 2014	Actual 2013
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,273	1,271
	1,273	**1,271**

Note 10b. Description of and movements in Provisions

Class of Provision	2013	2014				
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	702	-	(426)	439	-	**715**
Long Service Leave	807	-	(145)	150	-	**812**
Gratuities	209	-	(23)	7	-	**193**
Asset Remediation	150	-	-	-	-	**150**
TOTAL	**1,868**	**-**	**(594)**	**596**	**-**	**1,870**

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	15,789	11,970
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**15,789**	**11,970**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**(1,870)**	**1,071**
Adjust for non cash items:			
Depreciation & Amortisation		7,230	6,801
Net Losses/(Gains) on Disposal of Assets		(79)	(10)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		2,286	(469)
Increase/(Decrease) in Provision for Doubtful Debts		14	(100)
Decrease/(Increase) in Inventories		29	(3)
Decrease/(Increase) in Other Assets		8	94
Increase/(Decrease) in Payables		6	27
Increase/(Decrease) in accrued Interest Payable		(3)	(3)
Increase/(Decrease) in other accrued Expenses Payable		2,014	(261)
Increase/(Decrease) in Other Liabilities		153	52
Increase/(Decrease) in Employee Leave Entitlements		2	(103)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**9,790**	**7,096**

(c) Non-Cash Investing & Financing Activities

Nil

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank Overdraft Facilities [1]	1,010	1,010
Credit Cards / Purchase Cards	20	20
Total Financing Arrangements	**1,030**	**1,030**

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		92	-
Plant & Equipment		346	48
Other		119	101
Total Commitments		**557**	**149**
These expenditures are payable as follows:			
Within the next year		557	149
Total Payable		**557**	**149**
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		211	134
Unexpended Grants		-	15
Internally Restricted Reserves		346	-
Total Sources of Funding		**557**	**149**

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013	2012
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses	(4,150)	-23.42%	-11.30%	-3.39%
Total continuing operating revenue [1] (excl. Capital Grants & Contributions)	17,720			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (less ALL Grants & Contributions)	12,765	64.08%	57.66%	42.88%
Total continuing operating revenue [1]	19,921			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2]	19,082	4.91 : 1	10.48	8.77
Current Liabilities less Specific Purpose Liabilities [3, 4]	3,887			
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	3,128	11.29	17.15	34.15
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	277			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	2,354	19.23%	42.04%	38.48%
Rates, Annual and Extra Charges Collectible	12,242			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits x12	23,789	20.62	16.16	4.23
Payments from cash flow of operating and financing activities	1,154			

Notes

[1] Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and net share of interests in joint ventures.

[2] Refer Notes 6-8 inclusive.
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

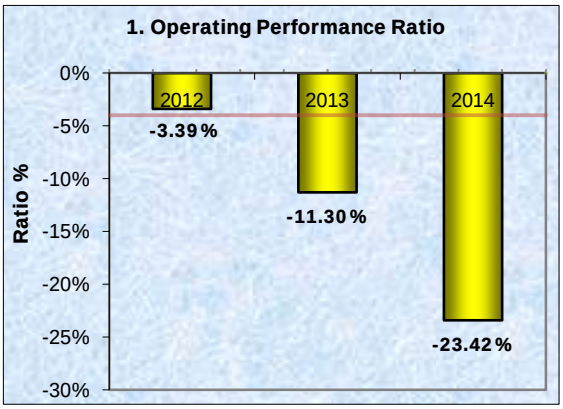
[3] Refer to Note 10(a).

[4] Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

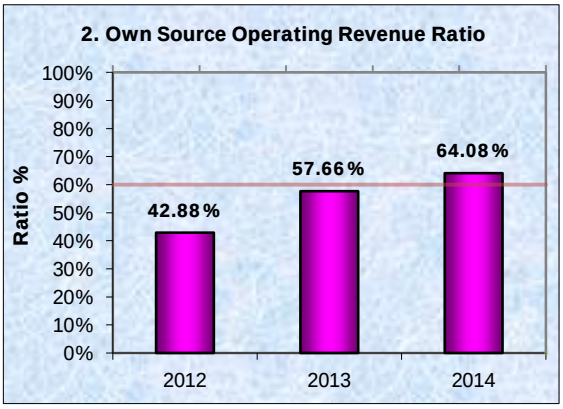
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio	Commentary on 2013/14 Result
	2013/14 Ratio -23.42%
This ratio measures Council's achievement of containing operating expenditure within operating revenue.	Council is still working to reduce its operating expenditure. This years result was not helped by the 50% reduction in the Financial Assistance Grant and approximately $600,000 of operating expenditure that was carried over from the 12/13 financial year.

—— Minimum -4.00%

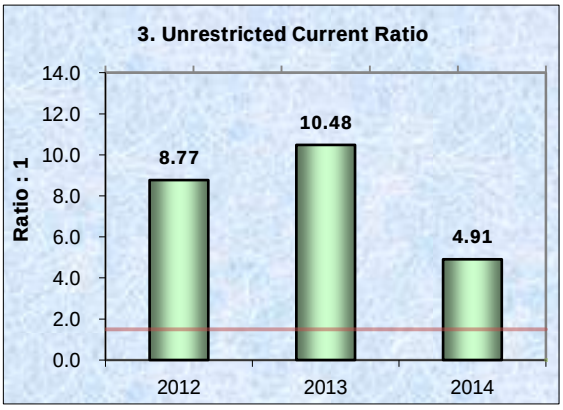
Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Own Source Operating Revenue Ratio	Commentary on 2013/14 Result
	2013/14 Ratio 64.08%
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.	Council's own source revenue figure continues to be enhanced by the inclusion of the water and sewer funds. Work is still required to increase the General Funds own source revenue.

—— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Unrestricted Current Ratio	Commentary on 2013/14 Result
	2013/14 Ratio 4.91 : 1
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	Council's ratio continues to be well above the industry ratio. The ratio decreased significantly in 13/14 due to a large increase in accrued expenditure outstanding at 30 June 2014.

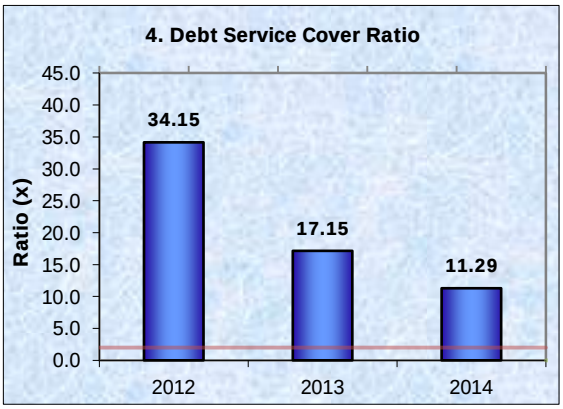
—— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

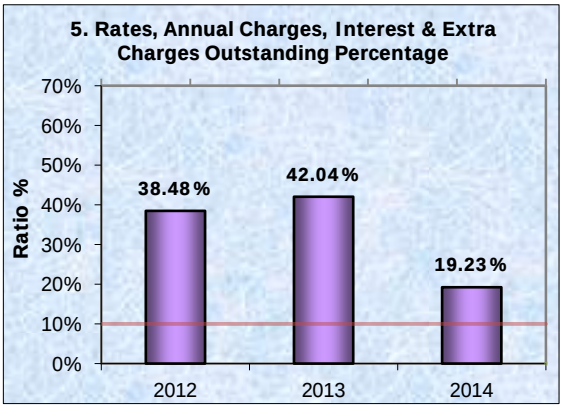
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



—— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

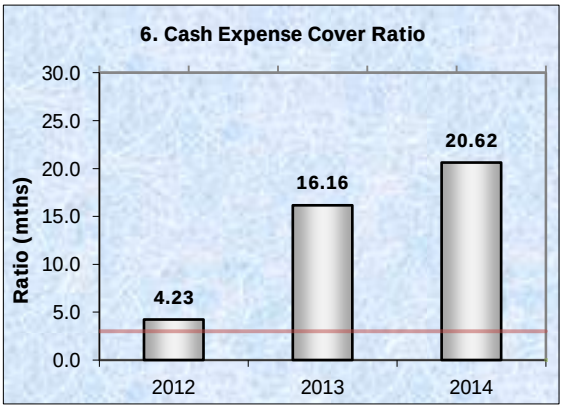
Purpose of Debt Service Cover Ratio	Commentary on 2013/14 Result
	2013/14 Ratio 11.29
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Council ratio continues highlights that we have further capacity to increase our debt levels to pay for capital expenditure in future years.



—— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

Purpose of Rates & Annual Charges Outstanding Ratio	Commentary on 2013/14 Result
	2013/14 Ratio 19.23%
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	Council was able to collect a large outstanding debt during the 13/14 financial year which contributed to the significant reduction in this ratio. It needs to be noted that this debt is still the subject of ongoing legal action.



—— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio	Commentary on Result
	2013/14 Ratio 20.62
This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.	Counci's ratio indicates that it can continue paying for its immediate expenses for the next 21 months without additional cash inflow. This is well above the industry requirements of 3 months.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

$ '000		Water 2014	Sewer 2014	General [5] 2014
Local Government Industry Indicators - by Fund				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue [1] (excl. Capital Grants & Contributions)		**31.78%**	**21.38%**	**-38.29%**
	prior period:	35.29%	29.67%	-22.31%
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (less ALL Grants & Contributions) / Total continuing operating revenue [1]		**97.38%**	**97.71%**	**55.59%**
	prior period:	97.81%	96.63%	49.38%
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2] / Current Liabilities less Specific Purpose Liabilities [3, 4]		**1039.20 : 1**	**14.30 : 1**	**4.91 : 1**
	prior period:	581.00	14.44	10.48
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation (EBITDA) / Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)		**0.00**	**5.15**	**10.04**
	prior period:	0.00	4.11	27.04
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible		**42.60%**	**15.91%**	**17.35%**
	prior period:	97.45%	19.11%	39.48%
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits / Payments from cash flow of operating and financing activities x12		**0.00**	**0.00**	**15.67**
	prior period:	0.00	0.00	13.11

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 14. Investment Properties

$ '000

Council has not classified any Land or Buildings as "Investment Properties"

Note 15. Financial Risk Management

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	15,789	11,970	15,749	11,970
Investments				
- "Held to Maturity"	8,000	9,000	8,000	9,000
Receivables	3,919	6,219	3,897	6,184
Total Financial Assets	**27,708**	**27,189**	**27,646**	**27,154**
Financial Liabilities				
Payables	3,165	1,025	3,165	1,025
Loans / Advances	521	750	521	750
Total Financial Liabilities	**3,686**	**1,775**	**3,686**	**1,775**

Fair Value is determined as follows:

- **Cash & Cash Equivalents**, **Receivables**, **Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings** & **Held to Maturity** Investments - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.

- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
2014	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 10% movement in Market Values	187	187	(187)	(187)
Possible impact of a 1% movement in Interest Rates	19	19	(19)	(19)
2013				
Possible impact of a 10% movement in Market Values	107	107	(107)	(107)
Possible impact of a 1% movement in Interest Rates	11	11	(11)	(11)

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

$ '000

(b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	12%	100%	9%	79%
Overdue	88%	0%	91%	21%
	100%	**100%**	**100%**	**100%**
(ii) Ageing of Receivables - value				
Current (not yet overdue)	202	1,729	406	1,403
Past due by up to 30 days	198	-	396	11
Past due between 31 and 60 days	196	-	393	240
Past due by more than 90 days	1,626	-	3,260	128
	2,222	**1,729**	**4,455**	**1,782**

(iii) Movement in Provision for Impairment of Receivables	2014	2013
Balance at the beginning of the year	18	118
+ new provisions recognised during the year	14	-
- amounts already provided for & written off this year	-	(100)
Balance at the end of the year	**32**	**18**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

$ '000	Subject to no maturity	payable in: ≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
2014									
Trade/Other Payables	-	3,165	-	-	-	-	-	3,165	**3,165**
Loans & Advances	-	131	96	96	96	96	96	611	**521**
Total Financial Liabilities	**-**	**3,296**	**96**	**96**	**96**	**96**	**96**	**3,776**	**3,686**
2013									
Trade/Other Payables	-	1,026	-	-	-	-	-	1,026	**1,025**
Loans & Advances	-	279	250	111	111	111	19	881	**750**
Total Financial Liabilities	**-**	**1,305**	**250**	**111**	**111**	**111**	**19**	**1,907**	**1,775**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:	2014 Carrying Value	2014 Average Interest Rate	2013 Carrying Value	2013 Average Interest Rate
Trade/Other Payables	3,165	0.0%	1,025	0.0%
Loans & Advances - Fixed Interest Rate	131	6.0%	26	6.0%
Loans & Advances - Variable Interest Rate	390	7.3%	724	7.3%
	3,686		1,775	

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 19 June 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :
Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.
F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

$ '000	2014 Budget	2014 Actual	2014 ---------- Variance* ----------		
REVENUES					
Rates & Annual Charges	7,386	7,312	(74)	(1%)	U
User Charges & Fees	2,407	3,934	1,527	63%	F
Council continues to attract signifcant fee for service work from Roads and Maritime Services. Income received from water useage continues to be above budget.					
Interest & Investment Revenue	837	1,008	171	20%	F
Council received significant interest on an outstaning debt when it was paid during the financial year.					
Other Revenues	707	511	(196)	(28%)	U
There were a number of reimbursements that Concil had expected to receive during year that did not evenuate which resulted in other revenue having an unfavourable variance.					
Operating Grants & Contributions	4,721	4,955	234	5%	F
Capital Grants & Contributions	2,343	2,201	(142)	(6%)	U
A couple of capital grants that Council had applied for were unsuccessful resulting in an unfavourable variance.					
Net Gains from Disposal of Assets	100	79	(21)	(21%)	U
Council didn't dispose of as many assets that it had budgeted forduring the year.					

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

$ '000	2014 Budget	2014 Actual	2014 Variance*		
EXPENSES					
Employee Benefits & On-Costs	7,375	7,249	126	2%	F
Borrowing Costs	94	48	46	49%	F
A couple of capital projects that Council had budgeted to commence in 2013/14 did not commence. These projects were going to fully or part funded by loans.					
Materials & Contracts	4,217	5,467	(1,250)	(30%)	U
Council carried forward approximatley $600,000 of expenditure from the 2012/2013 financial year that wasn't completed at 30 June 2013 into the 2013/204 year.					
Depreciation & Amortisation	7,267	7,230	37	1%	F
Other Expenses	2,199	1,876	323	15%	F
Increase in operating expenditure was less than budgeted for.					

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	1,824	9,790	7,966	436.7%	F
A combination of the payment of a large outstanding debt and a reduction in staff EFT levels have significantly impacted on this figure.					
Cash Flows from Investing Activities	(8,132)	(5,742)	2,390	(29.4%)	F
Council didn't spend as much on capital expenditure has it had budgeted for during the year.					
Cash Flows from Financing Activities	762	(229)	(991)	(130.1%)	U
Council was expecting to receive cash inflows from a couple of loans that didn't eventuate as the projects did not commence.					

Note 17. Statement of Developer Contributions

$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council.
All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Open Space	421	134	-	11	(225)	-	**341**	20	(150)	211	-
Stormwater	433	-	-	14	-	-	**447**	20	(150)	317	-
S94 Contributions - under a Plan	**854**	**199**	**-**	**25**	**(225)**	**-**	**853**	**40**	**(300)**	**593**	**-**
Total S94 Revenue Under Plans	**854**	**199**	**-**	**25**	**(225)**	**-**	**853**				**-**
Total Contributions	**854**	**199**	**-**	**25**	**(225)**	**-**	**853**	**40**	**(300)**	**593**	**-**

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Open Space	421	134	-	11	(225)	-	**341**	20	(150)	211	-
Stormwater	433	-	-	14	-	-	**447**	20	(150)	317	-
Other	-	65	-	-	-	-	**65**	-	-	65	-
Total	**854**	**199**	**-**	**25**	**(225)**	**-**	**853**	**40**	**(300)**	**593**	**-**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council’s share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company’s minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

$ '000

LIABILITIES NOT RECOGNISED (continued)**:**

2. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

$ '000

ASSETS NOT RECOGNISED: (continued)

(iii) Rural Fire Assets

Council has title to, and is the registered owner of various rural fire appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports. In accordance with normal Rural Fire Service funding arrangements.

Council continues to contribute to the costs of maintenance of this equipment.

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		34,307	31,471
a. Net Operating Result for the Year		(1,870)	1,071
b. Reversal of Asset Revaluation Reserve - Other Reserves		-	1,765
Balance at End of the Reporting Period		32,437	34,307
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		267,203	257,537
Total		**267,203**	**257,537**
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		257,537	256,384
- Revaluations for the year	9(a)	9,666	1,153
- Balance at End of Year		**267,203**	**257,537**
Other Reserves			
- Opening Balance		-	1,765
- Reversal of Reserve		-	(1,765)
- Balance at End of Year		**-**	**-**
TOTAL VALUE OF RESERVES		**267,203**	**257,537**

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

(c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund $ '000	Actual 2014	Actual 2014	Actual 2014
Continuing Operations	**Water**	**Sewer**	**General**[1]
Income from Continuing Operations			
Rates & Annual Charges	986	1,345	4,981
User Charges & Fees	1,245	-	2,689
Interest & Investment Revenue	136	54	818
Other Revenues	3	6	502
Grants & Contributions provided for Operating Purposes	179	17	4,759
Grants & Contributions provided for Capital Purposes	49	16	2,136
Other Income			
Net Gains from Disposal of Assets	-	-	79
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	**2,598**	**1,438**	**15,964**
Expenses from Continuing Operations			
Employee Benefits & on-costs	342	159	6,748
Borrowing Costs	-	14	34
Materials & Contracts	1,010	411	4,046
Depreciation & Amortisation	344	532	6,354
Impairment	-	-	-
Other Expenses	43	2	1,831
Total Expenses from Continuing Operations	**1,739**	**1,118**	**19,013**
Operating Result from Continuing Operations	859	320	(3,049)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	859	320	(3,049)
Net Operating Result attributable to each Council Fund	859	320	(3,049)
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	810	304	(5,185)

[1] General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Wentworth Shire Council

Notes to the Financial Statements
as at 30 June 2014

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund $ '000	Actual 2014	Actual 2014	Actual 2014
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	4,090	1,621	10,078
Investments	-	-	8,000
Receivables	1,106	252	2,561
Inventories	-	-	478
Other	-	-	114
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	5,196	1,873	21,231
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	21,866	17,339	237,999
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets			-
Total Non-Current Assets	21,866	17,339	237,999
TOTAL ASSETS	**27,062**	**19,212**	**259,230**
LIABILITIES			
Current Liabilities			
Payables	5	-	3,468
Borrowings	-	-	211
Provisions	-	-	1,612
Total Current Liabilities	5	-	5,291
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	131	179
Provisions	-	-	258
Total Non-Current Liabilities	-	131	437
TOTAL LIABILITIES	**5**	**131**	**5,728**
Net Assets	**27,057**	**19,081**	**253,502**
EQUITY			
Retained Earnings	8,125	(6,776)	31,088
Revaluation Reserves	18,932	25,857	222,414
Total Equity	**27,057**	**19,081**	**253,502**

[1] General Fund refers to all Council's activities other than Water & Sewer.
NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

$ '000

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 03/11/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration		NPV of Provision 2014	NPV of Provision 2013
Tips	2010		150	150
Balance at End of the Reporting Period		10(a)	150	150

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	150	150
Total - Reinstatement, rehabilitation and restoration provision	**150**	**150**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2014		Fair Value Measurement Hierarchy			
		Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial Assets					
Investments					
- "Held to Maturity"	30/06/14	8,000	-	-	8,000
Cash & Cash Equivalents	30/06/14	15,789	-	-	15,789
Total Financial Assets		**23,789**	**-**	**-**	**23,789**
Financial Liabilities					
Payables	30/06/14	3,165	-	-	3,165
Loans / Advances	30/06/14	521	-	-	521
Total Financial Liabilities		**3,686**	**-**	**-**	**3,686**
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/11	-	-	3,754	3,754
Office Equipment	30/06/11	-	-	215	215
Furniture & Fittings	30/06/11	-	-	57	57
Operational Land	30/06/11	-	-	135	135
Community Land	30/06/11	-	-	7,154	7,154
Land Improvements - Depreciable	30/06/14	-	-	3,911	3,911
Buildings - Non Specialised	30/06/14	-	-	899	899
Buildings - Specilaised	30/06/14	-	-	15,945	15,945
Other Structures	30/06/14	-	-	6,927	6,927
Roads	30/06/10	-	-	193,954	193,954
Footpaths	30/06/10	-	-	130	130
Stormwater Drainage	30/06/10	-	-	3,897	3,897
Water Supply Network	30/06/12	-	-	21,859	21,859
Sewerage Network	30/06/12	-	-	17,209	17,209
Other Recreational Assets	30/06/14	-	-	1,158	1,158
Total Infrastructure, Property, Plant & Equipment		**-**	**-**	**277,204**	**277,204**

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Investment Properties

Level 3 unobservable inputs for all Investment Properties with Level 2 or Level 3 fair values disclosed in the table at Note 27 (1).

Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the natre of the items. The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the values of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remainig useful life and the residual value. There have been no change to the valuation process during the reporting period.

Operational Land comprises all of Council land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2011 using the values provided by the NSW Valuer General's Office. Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intended to replace the asset, the remaining useful life and condition of the asset; and cash flows from future use and disposal. There has been no change to the valuation process during the reporting period.

Valuations of all Council's Community Land and Council managed land were based on the land values provided by the NSW Valuer General's Office. As these values were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuatin process during the reporting period.

Depreciable Land Improvements comprises land improvements such as spectator mounds, gardens, mulched areas streetscaping and landscaping. These assets may be located on parks, reserves and within road reserves. They were last revalued at 30 June 2014 by Asset Val Pty Ltd. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Specialised and non-specialised buildings were valued by Asset Val Pty Ltd at 30 June 2014 using the cost approach. The approach estimated the replacement cost of each building by componetising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Structures comprises lighting systems, shade shails, shelters, tennis and netball courts, bbqs, etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. These assets were valued by Asset Val Pty Ltd at 30 June 2014.

Roads comprises the Road Carrigeway, Bus Shelters, Carparks, Guardrails, Kerb & Guttering, Boat Ramps, Wharfs and traffic facilities. The road carriage way is defined as the trafficable portion of a road, between but not including the kerb & gutter. The cost approach using Level 3 inputs was used to value the road carriage way and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were valued by APV Valuers and Asset Managers at 30 June 2010. The cost approach was utilised with inputs such as estimates of patterns of consmption, residual value, asset condition and useful live requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainity regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Footpaths were valued by APV Valuers and Asset Managers at 30 June 2010 using a cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally assessed using physical inspections. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Stormwater Drainage assets comprises pits, pipes, headwalls, gross pollutant traps and various types of water quality devices. The cost approach estimated the replacement cost of each asset by componetising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componetisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful live required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lives assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by APV Valuers and Asset Managers at 30 June 2010.

Swimming pools were valued by Asset Val Pty Ltd at 30 June 2014 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful live required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Other Open Space/Recreational Assets include all of Councils playground equipment. They were valued by Asset Val Pty Ltd at 30 June 2014 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Library books are valued at cost but are disclosed at fair value in the notes. The carrying amounts of these assets is assumed to approximate fair value due to the nature of the items. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful live and the residual value. There has been no change to the valuation process during the reporting period.

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Opening Balance - 1/7/12	3,489	267	85	135	3,976
Other movement (Purchases, Disposals)	672	65	-	-	737
Other movement (Depn & Revaluation)	(684)	(126)	(14)	-	(824)
Closing Balance - 30/6/13	**3,477**	**206**	**71**	**135**	**3,889**
Purchases (GBV)	839	105	-	-	944
Disposals (WDV)	(30)	-	-	-	(30)
Depreciation & Impairment	(632)	(96)	(14)	-	(742)
Other movement (Revaluation)	100	-	-	-	100
Closing Balance - 30/6/14	**3,754**	**215**	**57**	**135**	**4,161**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Community Land	Land Imp Depreciable	Buildings Non Specialised	Buildings Specialised	Total
Opening Balance - 1/7/12	7,154	3,215	753	8,839	19,961
Other movement (Purchases, Disposals)	-	141	4	245	390
Other movement (Depn, Revaluations)	-	(102)	(39)	(352)	(493)
Closing Balance - 30/6/13	**7,154**	**3,254**	**718**	**8,732**	**19,858**
Purchases (GBV)	-	37	-	153	190
Depreciation & Impairment	-	(106)	(39)	(357)	(502)
Other movement (Revaluation)	-	726	220	7,417	8,363
Closing Balance - 30/6/14	**7,154**	**3,911**	**899**	**15,945**	**27,909**

	Other Structures	Roads	Footpaths	Stormwater Drainage	Total
Opening Balance - 1/7/12	9,224	193,619	-	3,621	206,464
Other movement (Purchases, Disposals)	106	3,490	-	32	3,628
Other movement (Depreciation, Revaluations)	(131)	(4,708)	-	57	(4,782)
Closing Balance - 30/6/13	**9,199**	**192,401**	**-**	**3,710**	**205,310**
Transfers from/(to) another asset class	(3,232)	2,086	-	-	(1,146)
Purchases (GBV)	1,120	4,242	130	98	5,590
Depreciation & Impairment	(305)	(4,775)	-	(4)	(5,084)
Other movement (Revaluations)	145	-	-	93	238
Closing Balance - 30/6/14	**6,927**	**193,954**	**130**	**3,897**	**204,908**

	Water Supply Network	Sewerage Network	Swimming Pools	Other Assets	Total
Opening Balance - 1/7/12	21,111	17,088	-	80	38,279
Other movement (Purchases, Disposals)	117	-	-	46	163
Other movement (Depn, Revaluations)	308	168	-	(25)	451
Closing Balance - 30/6/13	**21,536**	**17,256**	**-**	**101**	**38,893**
Transfers from/(to) another asset class	-	-	633	414	1,047
Purchases (GBV)	72	12	-	40	124
Depreciation & Impairment	(344)	(528)	-	(30)	(902)
Other movement (Revaluations)	595	469	-	-	1,064
Closing Balance - 30/6/14	**21,859**	**17,209**	**633**	**525**	**40,226**

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

Nil

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) $'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E					
Plant & Equipment, Office Equipment and Furniture and Fittings	4,026		Gross Replacement Cost, Remaining useful life, Residual value	Varies significantly from asset to asset, 5 to 20 years, 0% to 40%	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Operational Land	135		Unimproved Capital Value (Price per square meter)	$100 - $2,000 (per square meter)	Significant changes in the price per square meter based on the unimproved capital value would result in significant changes to fair value measurement
Community Land	7,154		Unimproved Capital Value (Price per square meter)	$4 - $3,242 (per square meter)	Significant changes in the price per square meter based on the unimproved capital value would result in significant changes to fair value measurement
Land Improvements - Depreciable	3,911		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, Very poor to excellent, 25 to 100 years, 20% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) $'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Buildings	16,844		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 20% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Other Structures	6,927		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 20% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Roads	193,954		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Footpaths	130		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) $'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Stormwater Drainage	3,897		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Water Supply Network	21,859		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 0% to 30%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Sewerage Network	17,209		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 2 to 100 years, 0% to 30%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Swimming Pools	633		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 10 to 40 years, 0% to 30%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) $'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Other Open Space/Recreational Assets	414		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 10 to 40 years, 0% to 30%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement
Library Books	111		Gross Replacement Cost, Asset Condition, Remaining useful life, Residual value	Varies significantly from asset to asset, poor to excellent, 5 to 15 years, 0% to 10%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement

d. The Valuation Process for Level 3 Fair Value Measurements

See 3 above for valuation process for Level 3 Fair Value Measurements

(5). Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 28. Financial Review

$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	**2014**	**2013**	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	**7,312**	7,056	6,759	6,504	6,147
User Charges Revenue	**3,934**	4,071	3,361	3,338	2,893
Interest & Investment Revenue (Losses)	**1,008**	986	1,073	971	844
Grants Income - Operating & Capital	**5,141**	7,365	8,817	6,984	5,768
Total Income from Continuing Operations	**20,000**	21,909	23,598	20,209	18,055
Sale Proceeds from I,PP&E	**109**	174	52	224	242
New Loan Borrowings & Advances	**-**	-	2	-	-
Outflows:					
Employee Benefits & On-cost Expenses	**7,249**	7,444	7,177	6,282	5,879
Borrowing Costs	**48**	66	80	102	234
Materials & Contracts Expenses	**5,467**	4,517	4,818	4,994	3,507
Total Expenses from Continuing Operations	**21,870**	20,838	21,495	20,480	14,336
Total Cash purchases of I,PP&E	**6,848**	5,021	4,841	4,918	5,683
Total Loan Repayments (incl. Finance Leases)	**229**	211	199	845	1,711
Operating Surplus/(Deficit) (excl. Capital Income)	**(4,071)**	(2,106)	(705)	(2,539)	1,807

Financial Position Figures	**2014**	**2013**	2012	2011	2010
Current Assets	**28,300**	27,815	25,354	21,044	19,345
Current Liabilities	**5,296**	3,059	3,444	3,777	3,479
Net Current Assets	**23,004**	24,756	21,910	17,267	15,866
Available Working Capital (Unrestricted Net Current Assets)	**8,837**	8,509	9,996	8,990	7,809
Cash & Investments - Unrestricted	**9,339**	4,493	6,320	6,496	6,224
Cash & Investments - Internal Restrictions	**6,908**	8,089	5,496	3,920	3,894
Cash & Investments - Total	**23,789**	20,970	18,936	15,304	14,904
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	**521**	750	961	1,158	2,003
Total Value of I,PP&E (excl. Land & Earthworks)	**431,069**	383,511	376,890	353,630	346,811
Total Accumulated Depreciation	**161,154**	122,850	115,499	99,931	78,360
Indicative Remaining Useful Life (as a % of GBV)	63%	68%	69%	72%	77%

Source: Published audited financial statements of Council (current year & prior year)

Wentworth Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 29. Council Information & Contact Details

Principal Place of Business:
26-28 Adelaide Street
Wentworth NSW 2648

Contact Details

Mailing Address:
PO Box 81
Wentworth NSW 2648

Opening Hours:
Monday - Friday
8:30am - 5:00pm

Telephone: 03 5027 5027
Facsimile: 03 5027 5000

Internet: www.wentworth.nsw.gov.au
Email: council@wentworth.nsw.gov.au

Officers

GENERAL MANAGER
Peter Kozlowski

RESPONSIBLE ACCOUNTING OFFICER
Simon Rule

PUBLIC OFFICER
Simon Rule

AUDITORS
Pitcher Partners - Accountants, Auditors & Advisors

Elected Members

MAYOR
Don McKinnon

COUNCILLORS
Brian Wakefield
Don McKinnon
Ian Whitfield
Melisa Hedrics
Bill Wheeldon
Brad Clarke
Bob Wheeldon
Peter Nunan
Paul Chors

Other Information

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WENTWORTH SHIRE COUNCIL
Independent Audit Report to the Council
General Purpose Financial Statements for the Year ended 30 June 2014

Report on the Financial Report

We have audited the general purpose financial statements of Wentworth Shire Council, which comprises the Statement of Financial Position as at 30 June 2014, the Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the statutory requirements under the Local Government Act, 1993, and for such internal control that Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Cash Flow Statement, Notes 2(a), and 16 to the financial statements, estimated expenditure in Note 17, additional Council disclosure notes, nor the attached Special Schedules. Accordingly, no opinion is expressed on these matters.

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wentworth Shire Council as of 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Council's Responsibilities for compliance with other legal and regulatory requirements

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

Auditors' Opinion on other legal and regulatory requirements

In our opinion:

(a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and the Local Government (General) Regulation 2005; and

(b) the Council's general purpose financial statements

  i) have been prepared in accordance with the requirements of this Division and Regulation;
  ii) are consistent with the Council's accounting records;
  iii) present fairly the Council's financial position and the results of its operations;

(c) all information relevant to the conduct of the audit has been obtained; and

(d) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Wentworth Shire Council for the year ended 30 June 2014 included on Wentworth Shire Council's web site. The Council is responsible for the integrity of the Wentworth Shire Council's web site. We have not been engaged to report on the integrity of the Council's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Pitcher Partners

PITCHER PARTNERS

Millington

CARL MILLINGTON
Partner

Sydney, 3 November 2014

PITCHER PARTNERS
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WENTWORTH SHIRE COUNCIL
INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT
(Local Government Act, 1993 – Sections 417(1) and 417(3))
YEAR ENDED 30 JUNE 2014

Wentworth Shire Council has prepared general and special purpose financial reports for the year ended 30 June 2014 on which we issued separate audit reports to the Council dated 3 November 2014. This report has been prepared in accordance with the requirements of the Office of Local Government, and the provisions of Sections 417(1) and 417(3) of the Local Government Act, 1993.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the New South Wales Office of Local Government, or for any purpose other than that for which it was prepared.

Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2014 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

	2014 Actual $'000	2014 Budget $'000	* Budget Variance %	2013 Actual $'000
Operating result	(1,870)	(2,651)	29.46% F	1,071
Operating result before capital revenue	(4,071)	(4,994)	18.48% F	(2,106)
Rates & annual charges	7,312	7,386	1.00% U	7,056
Operating grants & contributions	4,955	4,721	4.96% F	6,096
Capital grants & contributions	2,201	2,343	6.06% U	3,177
Depreciation & amortisation	7,230	7,267	0.51% F	6,801

* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

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Operating Result. Council's operating deficit decreased from a surplus of $1.071M in 2013 to $1,870M in 2014. This compared with a budgeted deficit of $2.651M for the year. The most significant variations impacting the operating result were the change in timing of the payment of the Financial Assistance Grant, the higher cost of depreciation of Council's non-current assets and a reduction in capital grants in 2013/2014.

Operating Result before Capital. The operating result before Capital grants and contributions was a deficit of $4.071M compared with the prior year deficit of $2.106M. This compared with the original budget deficit of $4.994M.

Rates and Annual Charges. Revenue from rates and annual charges increased to $7.312M from $7.056M in the prior year, and was in line with budget expectations for the year.

Grants and Contributions. Operating grants and contributions for the year totaled $4.955M and represented 24.78% of total income from continuing operations. This compares with budget of $4.721M.

Capital grants and contributions amounted to $2.201M for the 2014 year and represented 11.01% of total income from continuing operations. This was a reduction from 2013 however was in accordance with 2014's budget of $2.343M.

Depreciation. Included in the operating result was $7.230M for the depreciation and amortisation of infrastructure, property, plant and equipment. This was an increase from the 2013 expense of $6.801M however was in accordance with the 2014 budget of $7.267M. Depreciation and amortisation represents 33.06% (2013: 32.64%) of total expenses and 36.15% (2013: 31.04%) of total income for the year. This is a continuation of the increased depreciation expense experienced in recent years as a result of the introduction of the "fair value" model with depreciation as a percentage of operating expenses increasing from 14% in 2008.

Statement of Financial Position

Council's equity at 30 June 2014 amounted to $299.640M and is comprised of retained earnings, and reserves arising from revaluation of infrastructure assets in prior years.

The most significant impact on Council's equity in 2014 was the fair valuation and resulting net increase of $9.666M on infrastructure assets – mainly related to Council Buildings. This was offset by the operating deficit recorded of $1.870M.

At balance date Council had not utilised any of its bank overdraft facility of $1.010M.

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

Activities	2014 Actual $'000	2014 Budget $'000	* Budget Variance %	2013 Actual $'000
Net cash flows from operations	9,790	1,824	436.73%F	7,096
Net cash flows from investing	(5,742)	(8,132)	29.39%F	149
Net cash flows from financing	(229)	762	130.05%U	(211)
Net movement in cash	**3,819**	**(5,546)**		**7,034**

* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances increased to a total of $15.789M during the year, with $9.790M being provided from operations, $5.742M utilised in net investing activities for the acquisition and sale of non-current assets and investments, and $0.229M utilised for the repayment of borrowings and advances.

Total Investments and Cash Balances

Council's total cash balance at 30 June 2014 was comprised of the following:

	2014	2013
	$'000	$'000
Externally restricted cash	7,542	8,388
Internally restricted cash	6,908	8,089
Unrestricted cash	9,339	4,493
Total Cash, Cash Equivalents and Investments	23,789	20,970

Council's cash and investments balance increased during the year, largely due to:

- Reduced outstanding rates and annual charges, including collection of a large individual rating debt, which however remains subject to legal action; and
- a reduction in cash outflow related to employee benefit payments.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2014 year results with prior years.

Operating performance ratio. At -23.42% this ratio is below benchmarks set by NSW TCorp and expectations of the Office of Local Government. This result was impacted on by the 50% ($1.837M) reduction in the 2014 Financial Assistance Grant revenue and the increase in depreciation expense.

Own source operating revenue ratio. The ratio of 64.08% is above industry benchmarks and indicates that Council's reliance on external funding sources is minimal.

Unrestricted Current Ratio. This ratio has decreased significantly to the previous year due to a significant increase in accrued expenditure at 30 June 2014. However, at 4.91:1 it is above the industry benchmark of 1.5:1 established by TCorp.

Debt Service Cover Ratio. The ratio continues to improve and reflects Council's minimal indebtedness.

Rates, Annual Charges, Interest & extra Charges Outstanding Percentage. The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 19.23%. This was a significant improvement from 2013 (42.04%) largely due to the receipt of a significant outstanding debt which remains subject to legal proceedings. The outstanding balance remains in excess of the industry benchmark of 5%.

Cash expense cover ratio. This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. Council's ratio of 20.62 exceeds the industry benchmark of 3 and indicates that Council has sufficient liquidity to adequately fund its short term operations.

Legislative Compliance

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 22), and other legislatively prescribed standards.

Conduct of the audit

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

We would like to commend the courteous and professional manner in which Council's staff has acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.

Pitcher Partners

PITCHER PARTNERS

Millington

CARL MILLINGTON

Partner

Sydney, 3 November 2014

Wentworth Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

"The Shire on Two Rivers"

Wentworth Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2014

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over $2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Wentworth Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2014

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 10 October 2014.

Don McKinnon
MAYOR

Paul Cohrs
COUNCILLOR

Peter Kozlowski
GENERAL MANAGER

Simon Rule
RESPONSIBLE ACCOUNTING OFFICER

Wentworth Shire Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2014

$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	986	942
User charges	1,190	1,149
Fees	55	23
Interest	136	117
Grants and contributions provided for non capital purposes	179	111
Profit from the sale of assets	-	-
Other income	3	4
Total income from continuing operations	**2,549**	**2,346**
Expenses from continuing operations		
Employee benefits and on-costs	342	309
Borrowing costs	-	-
Materials and contracts	1,010	947
Depreciation and impairment	344	217
Water purchase charges	40	35
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	3	10
Total expenses from continuing operations	**1,739**	**1,518**
Surplus (deficit) from Continuing Operations before capital amounts	**810**	**828**
Grants and contributions provided for capital purposes	49	33
Surplus (deficit) from Continuing Operations after capital amounts	**859**	**861**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**859**	**861**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(243)	(248)
SURPLUS (DEFICIT) AFTER TAX	**616**	**613**
plus Opening Retained Profits	7,266	6,405
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	243	248
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	**8,125**	**7,266**
Return on Capital %	**3.7%**	**3.8%**
Subsidy from Council	**-**	**-**
Calculation of dividend payable:		
Surplus (deficit) after tax	616	613
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	**616**	**613**
Potential Dividend calculated from surplus	**308**	**306**

Wentworth Shire Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2014

$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	1,345	1,308
User charges	-	-
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	54	35
Grants and contributions provided for non capital purposes	17	17
Profit from the sale of assets	-	-
Other income	6	5
Total income from continuing operations	**1,422**	**1,365**
Expenses from continuing operations		
Employee benefits and on-costs	159	121
Borrowing costs	14	27
Materials and contracts	411	563
Depreciation and impairment	532	246
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	2	3
Total expenses from continuing operations	**1,118**	**960**
Surplus (deficit) from Continuing Operations before capital amounts	**304**	**405**
Grants and contributions provided for capital purposes	16	30
Surplus (deficit) from Continuing Operations after capital amounts	**320**	**435**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**320**	**435**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(91)	(122)
SURPLUS (DEFICIT) AFTER TAX	**229**	**314**
plus Opening Retained Profits	(7,096)	(7,531)
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	91	122
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	**(6,776)**	**(7,096)**
Return on Capital %	**1.8%**	**2.5%**
Subsidy from Council	**299**	**224**
Calculation of dividend payable:		
Surplus (deficit) after tax	229	314
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	**229**	**314**
Potential Dividend calculated from surplus	**114**	**157**

Wentworth Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2014

$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	4,090	3,055
Investments	-	-
Receivables	1,106	1,012
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**5,196**	**4,067**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	21,866	21,543
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	**21,866**	**21,543**
TOTAL ASSETS	**27,062**	**25,610**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	5	7
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	**5**	**7**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	**-**	**-**
TOTAL LIABILITIES	**5**	**7**
NET ASSETS	27,057	25,603
EQUITY		
Retained earnings	8,125	7,266
Revaluation reserves	18,932	18,337
Council equity interest	27,057	25,603
Non-controlling equity interest	-	-
TOTAL EQUITY	27,057	25,603

Wentworth Shire Council

Statement of Financial Position - Council's Sewerage Business Activity
as at 30 June 2014

$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	1,621	896
Investments	-	-
Receivables	252	288
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**1,873**	**1,184**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	17,339	17,390
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	**17,339**	**17,390**
TOTAL ASSETS	**19,212**	**18,574**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	**-**	**-**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	131	282
Provisions	-	-
Total Non-Current Liabilities	**131**	**282**
TOTAL LIABILITIES	**131**	**282**
NET ASSETS	19,081	18,292
EQUITY		
Retained earnings	(6,776)	(7,096)
Revaluation reserves	25,857	25,388
Council equity interest	19,081	18,292
Non-controlling equity interest	-	-
TOTAL EQUITY	19,081	18,292

Wentworth Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2014

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3	Sewerage Business Best Practice Management disclosure requirements	13

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the *"Application of National Competition Policy to Local Government".*

The *"Pricing & Costing for Council Businesses A Guide to Competitive Neutrality"* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality,* Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over $2 million)

Council has no Category 1 business activities.

Category 2

(where gross operating turnover is less than $2 million)

a. Wentworth Shire Council Combined Water Supplies

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, each of which are established as separate Special Rate Funds.

b. Wentworth Shire Council Combined Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation and treatment activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a Special Rate Fund.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **$412,000** of combined land values attracts **0%**. From $412,001 to $2,519,000 the rate is **1.6% + $100.** For the remaining combined land value that exceeds $2,519,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of $750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed $3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

$$\frac{\textbf{Operating Result before Capital Income + Interest Expense}}{\textbf{Written Down Value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

(i) 50% of this surplus in any one year, or

(ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by $30 (less the payment for tax equivalent charges, not exceeding $3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 2. Water Supply Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2014

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by $3/assessment	7,182
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	308,000
(ii)	No. of assessments multiplied by $30/assessment, less tax equivalent charges/assessment	71,820
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	1,519,800

2014 Surplus	616,000	**2013 Surplus**	612,600	**2012 Surplus**	291,200
		2013 Dividend	-	**2012 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	71,820
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

3. Required outcomes for 6 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	- Complying charges **[Item 2(b) in Table 1]**	YES
	- DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	- If Dual Water Supplies, Complying Charges **[Item 2(g) in Table 1]**	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2014
National Water Initiative (NWI) Financial Performance Indicators			
NWI F1	Total Revenue (Water) **Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)**	$'000	2,283
NWI F4	Revenue from Residential Usage Charges (Water) **Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]**	%	54.69%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) **Written down current cost of system assets (w47)**	$'000	21,859
NWI F11	Operating Cost (OMA) (Water) **Management Expenses (w1) + Operational & Maintenance Expenses (w2)**	$'000	1,094
NWI F14	Capital Expenditure (Water) **Acquisition of fixed assets (w16)**	$'000	72
NWI F17	Economic Real Rate of Return (Water) **[Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]**	%	4.68%
NWI F26	Capital Works Grants (Water) **Grants for the Acquisition of Assets (w11a)**	$'000	-

Notes:

1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2014

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by $3/assessment	8,031
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	114,400
(ii)	No. of assessments x ($30 less tax equivalent charges per assessment)	80,310
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	606,000

2014 Surplus	228,800	**2013 Surplus**	313,500	**2012 Surplus**	63,700
		2013 Dividend	-	**2012 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	80,310
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

3. Required outcomes for 4 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	Complying charges **(a)** Residential **[Item 2(c) in Table 1]**	YES
	(b) Non Residential **[Item 2(c) in Table 1]**	YES
	(c) Trade Waste **[Item 2(d) in Table 1]**	YES
	DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	Liquid Trade Waste Approvals & Policy **[Item 2(f) in Table 1]**	YES
(iii)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2014
National Water Initiative (NWI) Financial Performance Indicators			
NWI F2	Total Revenue (Sewerage) **Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)**	$'000	1,384
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) **Written down current cost of system assets (s48)**	$'000	17,209
NWI F12	Operating Cost (Sewerage) **Management Expenses (s1) + Operational & Maintenance Expenses (s2)**	$'000	481
NWI F15	Capital Expenditure (Sewerage) **Acquisition of Fixed Assets (s17)**	$'000	12
NWI F18	Economic Real Rate of Return (Sewerage) **[Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]**	%	2.14%
NWI F27	Capital Works Grants (Sewerage) **Grants for the Acquisition of Assets (12a)**	$'000	-

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)			
NWI F3	Total Income (Water & Sewerage) **Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15)** minus **Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)**	$'000	3,846
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) **Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)**	%	0.94%
NWI F16	Capital Expenditure (Water & Sewerage) **Acquisition of Fixed Assets (w16 + s17)**	$'000	84
NWI F19	Economic Real Rate of Return (Water & Sewerage) **[Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]**	%	3.56%
NWI F20	Dividend (Water & Sewerage) **Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)**	$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) **Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)**	%	0.00%

Wentworth Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2014

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) **Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31)** **x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]**	%	-12.09%
NWI F23	Interest Cover (Water & Sewerage) **Earnings before Interest & Tax (EBIT) divided by Net Interest**		> 100
	Earnings before Interest & Tax (EBIT): 1,232 **Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10)** **- Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)**		
	Net Interest: - 176 **Interest Expense (w4a + s4a) - Interest Income (w9 + s10)**		
NWI F24	Net Profit After Tax (Water & Sewerage) **Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))**	$'000	1,179
NWI F25	Community Service Obligations (Water & Sewerage) **Grants for Pensioner Rebates (w11b + s12b)**	$'000	36

Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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WENTWORTH SHIRE COUNCIL
Special Purpose Financial Report
Independent Auditors' Report to the Council for the Year ended 30 June 2014

Report on the Financial Statements of Council's Declared Business Activities

We have audited the accompanying financial statements, being special purpose financial statements, of Wentworth Shire Council's declared business activities, which comprises the statement of financial position as at 30 June 2014 and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes and the Statement by Councillors and Management.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to their needs. Council's responsibility also includes such internal controls as the Council determines are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wentworth Shire Council as of 30 June 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

Other Matter

Wentworth Shire Council has prepared a separate financial report for the year ended 30 June 2013 in accordance with Australian Accounting Standards and the Code of Accounting Practice and Financial Reporting on which we issued a separate auditor's report to the Council dated 3 November 2014.

Pitcher Partners

PITCHER PARTNERS

Millington

C R MILLINGTON
Partner

Sydney, 3 November 2014

Wentworth Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014

"The Shire on Two Rivers"

Wentworth Shire Council

Special Schedules
for the financial year ended 30 June 2014

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[1] Special Schedules are not audited (with the exception of Special Schedule 9).

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG).

(ii) The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Wentworth Shire Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2014

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	**321**	**-**	**-**	**(321)**
Administration	**3,879**	**1,627**	**-**	**(2,252)**
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	503	33	266	**(204)**
Beach Control	-	-	-	**-**
Enforcement of Local Govt. Regulations	-	-	-	**-**
Animal Control	213	21	-	**(192)**
Other	-	-	-	**-**
Total Public Order & Safety	**716**	**54**	**266**	**(396)**
Health	**66**	**9**	**-**	**(57)**
Environment				
Noxious Plants and Insect/Vermin Control	109	132	-	**23**
Other Environmental Protection	38	21	-	**(17)**
Solid Waste Management	-	-	-	**-**
Street Cleaning	-	-	-	**-**
Drainage	28	-	-	**(28)**
Stormwater Management	128	-	-	**(128)**
Total Environment	**303**	**153**	**-**	**(150)**
Community Services and Education				
Administration & Education	27	21	-	**(6)**
Social Protection (Welfare)	-	-	-	**-**
Aged Persons and Disabled	36	7	-	**(29)**
Children's Services	20	-	-	**(20)**
Total Community Services & Education	**83**	**28**	**-**	**(55)**
Housing and Community Amenities				
Public Cemeteries	155	78	-	**(77)**
Public Conveniences	150	-	-	**(150)**
Street Lighting	103	31	-	**(72)**
Town Planning	1,209	218	134	**(857)**
Other Community Amenities	26	6	-	**(20)**
Total Housing and Community Amenities	**1,643**	**333**	**134**	**(1,176)**
Water Supplies	**1,739**	**2,368**	**230**	**859**
Sewerage Services	**1,118**	**1,422**	**16**	**320**

Wentworth Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2014

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	439	5	32	(402)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	199	43	-	(156)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	247	12	-	(235)
Swimming Pools	295	-	-	(295)
Parks & Gardens (Lakes)	529	16	-	(513)
Other Sport and Recreation	262	20	11	(231)
Total Recreation and Culture	**1,971**	**96**	**43**	**(1,832)**
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	215	58	-	(157)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	**215**	**58**	-	**(157)**
Transport and Communication				
Urban Roads (UR) - Local	377	417	351	391
Urban Roads - Regional	485	-	2	(483)
Sealed Rural Roads (SRR) - Local	4,442	-	-	(4,442)
Sealed Rural Roads (SRR) - Regional	560	417	36	(107)
Unsealed Rural Roads (URR) - Local	706	-	78	(628)
Unsealed Rural Roads (URR) - Regional	303	833	392	922
Bridges on UR - Local	36	-	-	(36)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	12	-	-	(12)
Footpaths	164	-	-	(164)
Aerodromes	115	29	-	(86)
Other Transport & Communication	1,849	2,037	293	481
Total Transport and Communication	**9,049**	**3,733**	**1,152**	**(4,164)**
Economic Affairs				
Camping Areas & Caravan Parks	93	75	-	(18)
Other Economic Affairs	674	109	360	(205)
Total Economic Affairs	**767**	**184**	**360**	**(223)**
Totals – Functions	**21,870**	**10,065**	**2,201**	**(9,604)**
General Purpose Revenues (2)		**7,734**		**7,734**
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT (1)	**21,870**	**17,799**	**2,201**	**(1,870)**

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	146	604	**750**	-	229	-	-	48	211	310	**521**
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	**146**	**604**	**750**	**-**	**229**	**-**	**-**	**48**	**211**	**310**	**521**
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Debt	**146**	**604**	**750**	**-**	**229**	**-**	**-**	**48**	**211**	**310**	**521**

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Wentworth Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	115	115
b. Engineering and Supervision	50	50
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	209	193
- Reservoirs		
e. Operation expenses	-	8
f. Maintenance expenses	-	-
- Pumping Stations		
g. Operation expenses (excluding energy costs)	17	19
h. Energy costs	166	181
i. Maintenance expenses	21	23
- Treatment		
j. Operation expenses (excluding chemical costs)	398	375
k. Chemical costs	-	-
l. Maintenance expenses	15	14
- Other		
m. Operation expenses	39	41
n. Maintenance expenses	25	24
o. Purchase of water	39	35
3. Depreciation expenses		
a. System assets	-	-
b. Plant and equipment	344	217
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	138	118
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	163	105
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	**1,739**	**1,518**

Wentworth Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges		
a. Access (including rates)	917	868
b. Usage charges	1,107	1,060
7. Non-residential charges		
a. Access (including rates)	69	74
b. Usage charges	83	89
8. Extra charges	-	-
9. Interest income	136	117
10. Other income	39	26
10a. Aboriginal Communities Water and Sewerage Program	179	93
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	19	19
c. Other grants	-	-
12. Contributions		
a. Developer charges	49	33
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	**2,598**	**2,379**
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	**859**	**861**
15a. Operating Result (less grants for acquisition of assets)	859	861

Wentworth Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	72	117
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	**72**	**117**
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	**-**	**-**
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	2,082	2,140
b. Residential (unoccupied, ie. vacant lot)	145	149
c. Non-residential (occupied)	167	172
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	2 ET	7 ET
26. Total amount of pensioner rebates (actual dollars)	$ 33,568	$ 33,317

Wentworth Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2014

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	Yes		
If Yes, go to 28a.			
If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **from** residential customers using less than allowance (page 25 of Guidelines)			
c. Cross-subsidy **to** non-residential customers (page 24 of Guidelines)			
d. Cross-subsidy **to** large connections in unmetered supplies (page 26 of Guidelines)			
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?		No	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			-

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Wentworth Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
30.	**Cash and investments**			
	a. Developer charges	-	-	**-**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	-	-	**-**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	4,090	-	**4,090**
31.	**Receivables**			
	a. Specific purpose grants	-	-	**-**
	b. Rates and Availability Charges	420	-	**420**
	c. User Charges	514	-	**514**
	d. Other	172	-	**172**
32.	**Inventories**	-	-	**-**
33.	**Property, plant and equipment**			
	a. System assets	-	21,859	**21,859**
	b. Plant and equipment	-	7	**7**
34.	**Other assets**	-	-	**-**
35.	**Total assets**	**5,196**	**21,866**	**27,062**
	LIABILITIES			
36.	**Bank overdraft**	-	-	**-**
37.	**Creditors**	5	-	**5**
38.	**Borrowings**			
	a. Loans	-	-	**-**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
39.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	-	-	**-**
40.	**Total liabilities**	**5**	**-**	**5**
41.	**NET ASSETS COMMITTED**	**5,191**	**21,866**	**27,057**
	EQUITY			
42.	Accumulated surplus			8,125
43	Asset revaluation reserve			18,932
44.	**TOTAL EQUITY**			**27,057**

Note to system assets:

45.	**Current replacement cost** of system assets	39,550
46.	Accumulated **current cost** depreciation of system assets	(17,691)
47.	Written down **current cost** of system assets	**21,859**

Wentworth Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	74	74
b. Engineering and Supervision	30	30
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	49	34
b. Maintenance expenses	24	17
- Pumping Stations		
c. Operation expenses (excluding energy costs)	27	29
d. Energy costs	63	68
e. Maintenance expenses	60	66
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	3	3
i. Effluent Management	5	5
j. Biosolids Management	123	128
k. Maintenance expenses	7	7
- Other		
l. Operation expenses	9	7
m. Maintenance expenses	7	5
3. Depreciation expenses		
a. System assets	532	246
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	14	27
b. Revaluation Decrements	-	-
c. Other expenses	91	214
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	**1,118**	**960**

Wentworth Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000		Actuals 2014	Actuals 2013
	Income		
6.	**Residential charges** (including rates)	1,206	1,176
7.	**Non-residential charges**		
	a. Access (including rates)	139	132
	b. Usage charges	-	-
8.	**Trade Waste Charges**		
	a. Annual Fees	-	-
	b. Usage charges	-	-
	c. Excess mass charges	-	-
	d. Re-inspection fees	-	-
9.	**Extra charges**	-	-
10.	**Interest income**	54	35
11.	**Other income**	6	5
11a.	**Aboriginal Communities Water & Sewerage Program**	-	-
12.	**Grants**		
	a. Grants for acquisition of assets	-	-
	b. Grants for pensioner rebates	17	17
	c. Other grants	-	-
13.	**Contributions**		
	a. Developer charges	16	30
	b. Developer provided assets	-	-
	c. Other contributions	-	-
14.	**Total income**	**1,438**	**1,395**
15.	**Gain (or loss) on disposal of assets**	-	-
16.	**Operating Result**	**320**	**435**
16a.	**Operating Result (less grants for acquisition of assets)**	320	435

Wentworth Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	12	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	151	138
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	**163**	**138**
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	**-**	**-**
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	2,195	1,587
b. Residential (unoccupied, ie. vacant lot)	206	149
c. Non-residential (occupied)	276	196
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	2 ET	7 ET
27. Total amount of pensioner rebates (actual dollars)	$ 30,872	$ 30,553

Wentworth Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2014

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	Yes		
If Yes, go to 29a.			
If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **to** non-residential customers (page 45 of Guidelines)			
c. Cross-subsidy **to** trade waste discharges (page 46 of Guidelines)			
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?		No	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-

* Councils which have not yet implemented best practice sewer pricing & liquid waste prising should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Wentworth Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
31.	**Cash and investments**			
	a. Developer charges	-	-	-
	b. Special purpose grants	-	-	-
	c. Accrued leave	-	-	-
	d. Unexpended loans	-	-	-
	e. Sinking fund	-	-	-
	f. Other	1,621	-	**1,621**
32.	**Receivables**			
	a. Specific purpose grants	-	-	-
	b. Rates and Availability Charges	214	-	**214**
	c. User Charges	-	-	-
	d. Other	38	-	**38**
33.	**Inventories**	-	-	-
34.	**Property, plant and equipment**			
	a. System assets	-	17,209	**17,209**
	b. Plant and equipment	-	130	**130**
35.	**Other assets**	-	-	-
36.	**Total Assets**	**1,873**	**17,339**	**19,212**
	LIABILITIES			
37.	**Bank overdraft**	-	-	-
38.	**Creditors**	-	-	-
39.	**Borrowings**			
	a. Loans	131	-	**131**
	b. Advances	-	-	-
	c. Finance leases	-	-	-
40.	**Provisions**			
	a. Tax equivalents	-	-	-
	b. Dividend	-	-	-
	c. Other	-	-	-
41.	**Total Liabilities**	**131**	**-**	**131**
42.	**NET ASSETS COMMITTED**	**1,742**	**17,339**	**19,081**
	EQUITY			
42.	Accumulated surplus			(6,776)
44.	Asset revaluation reserve			25,857
45.	**TOTAL EQUITY**			**19,081**

	Note to system assets:	
46.	**Current replacement cost** of system assets	36,944
47.	Accumulated **current cost** depreciation of system assets	(19,735)
48.	Written down **current cost** of system assets	**17,209**

Wentworth Shire Council

Notes to Special Schedule No.'s 3 & 5
for the financial year ended 30 June 2014

Administration [1]

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision [1]

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges [2] (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges [2] (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

[1] Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

[2] To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2014

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard [1]	Required [2] Annual Maintenance	Actual [3] Maintenance 2013/14	Written Down Value (WDV) [4]	Assets in Condition as a % of WDV [4], [5]				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	126	14	14	1,570	34%	42%	8%	8%	8%
	Council Works Depot	25	35	35	482	24%	29%	35%	10%	2%
	Council Public Halls	363	10	10	2,130	8%	33%	25%	29%	5%
	Libraries	-	6	6	513	56%	44%	0%	0%	0%
	Other Buildings	13	14	14	1,350	33%	53%	12%	2%	0%
	Other	108	179	179	10,799	33%	53%	12%	2%	0%
	sub total	**635**	**258**	**258**	**16,844**	**30.4%**	**48.5%**	**13.6%**	**6.2%**	**1.4%**
Other Structures	Other Structures	554	23	23	6,927	38%	21%	25%	16%	0%
	sub total	**554**	**23**	**23**	**6,927**	**38.0%**	**21.0%**	**25.0%**	**16.0%**	**0.0%**
Roads	Sealed Roads Surface	1,966	990	990	131,026	37%	47%	13%	2%	1%
	Unsealed Roads	2,669	912	912	26,692	16%	22%	42%	19%	1%
	Bridges	1,255	-	-	15,689	31%	38%	15%	16%	0%
	Footpaths	-	119	119	4,621	34%	62%	4%	0%	0%
	Cycle ways	69	21	21	1,371	42%	21%	27%	10%	0%
	Kerb and Gutter	160	20	20	10,654	49%	36%	12%	2%	1%
	Other Road Assets	6	7	7	602	10%	82%	7%	0%	1%
	Other	17	56	56	3,429	10%	82%	7%	0%	1%
	sub total	**6,142**	**2,125**	**2,125**	**194,084**	**33.7%**	**43.1%**	**16.9%**	**5.4%**	**0.9%**

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard [1]	Required [2] Annual Maintenance	Actual [3] Maintenance 2013/14	Written Down Value (WDV) [4]	Assets in Condition as a % of WDV [4], [5]				
						1	2	3	4	5
Water Supply Network	Mains	2,540	190	190	12,387	38%	1%	20%	41%	0%
	Reservoirs	511	17	17	3,403	60%	0%	10%	30%	0%
	Pumping Station/s	115	58	58	1,758	44%	6%	37%	13%	0%
	Treatment	358	49	49	4,211	83%	0%	0%	17%	0%
	Other	6	17	17	100	67%	22%	0%	11%	0%
	sub total	**3,530**	**331**	**331**	**21,859**	**50.7%**	**1.1%**	**15.9%**	**32.3%**	**0.0%**
Sewerage Network	Mains	842	47	47	7,010	26%	1%	49%	15%	9%
	Pumping Station/s	1,033	70	70	7,125	39%	0%	32%	29%	0%
	Treatment	270	121	121	2,843	0%	0%	81%		19%
	Other	3	16	16	231	20%	24%	54%	2%	0%
	sub total	**2,148**	**254**	**254**	**17,209**	**27.0%**	**0.7%**	**47.3%**	**18.1%**	**6.8%**

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard [1]	Required [2] Annual Maintenance	Actual [3] Maintenance 2013/14	Written Down Value (WDV) [4]	Assets in Condition as a % of WDV [4], [5]				
						1	2	3	4	5
Stormwater Drainage	Retarding Basins	9	6	6	382	5%	40%	50%	5%	0%
	Outfalls	67	44	44	2,654	5%	40%	50%	5%	0%
	Head Walls	7	4	4	266	5%	40%	50%	5%	0%
	Outfall Structures	2	1	1	53	5%	40%	50%	5%	0%
	Stormwater Converters	1	1	1	35	5%	40%	50%	5%	0%
	Other	13	-	9	507	5%	40%	50%	5%	0%
	sub total	**99**	**56**	**65**	**3,897**	**5.0%**	**40.0%**	**50.0%**	**5.0%**	**0.0%**
Open Space/ Recreational Assets	Swimming Pools	-	59	59	1,047	0%	0%	100%	0%	0%
	Other									
	sub total	**-**	**59**	**59**	**1,047**	**0.0%**	**0.0%**	**100.0%**	**0.0%**	**0.0%**
	TOTAL - ALL ASSETS	**13,108**	**3,106**	**3,115**	**261,867**	**34.0%**	**36.4%**	**19.6%**	**8.8%**	**1.2%**

Notes:

(1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).

(2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.

(3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.

(4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **Infrastructure Asset Condition Assessment "Key"**

1	**Excellent**	No work required (normal maintenance)
2	**Good**	Only minor maintenance work required
3	**Average**	Maintenance work required
4	**Poor**	Renewal required
5	**Very Poor**	Urgent renewal/upgrading required

Wentworth Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014

$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013	2012
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) [1] / Depreciation, Amortisation & Impairment	4,464 / 6,047	**73.82%**	63.06%	41.00%
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition / Total value[2] of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	13,108 / 265,778	**0.05**	0.16	0.14
3. Asset Maintenance Ratio				
Actual Asset Maintenance / Required Asset Maintenance	3,115 / 3,106	**1.00**	1.00	1.00
4. Capital Expenditure Ratio				
Annual Capital Expenditure / Annual Depreciation	6,818 / 7,230	**0.94**	0.67	0.65

Notes

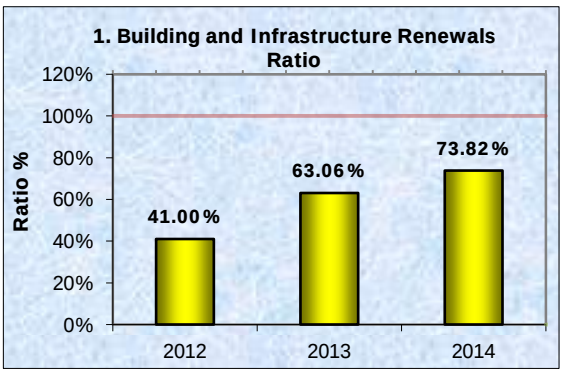
[1] Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

[2] Written down value

Wentworth Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014

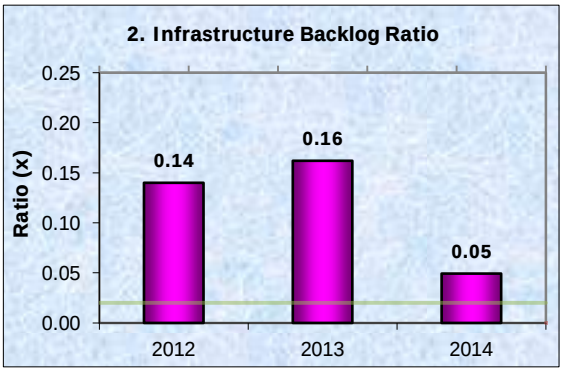


—— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Renewals Ratio
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2013/14 Result	
2013/14 Ratio	73.82%
Council is contantly reviewing the useful life and residual values of its assets to ensure appropriate depreciation expenses that Council can then maintain on a regular basis.	

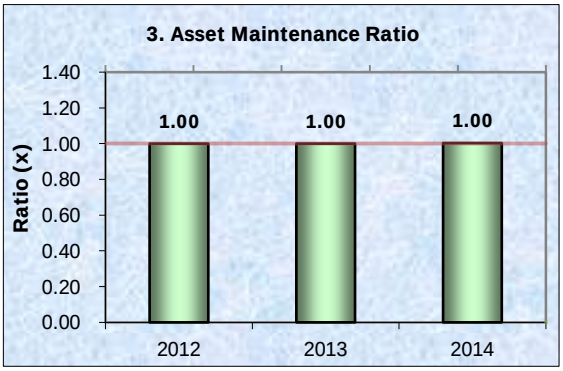


—— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Infrastructure Backlog Ratio
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2013/14 Result	
2013/14 Ratio	0.05 x
Council is constantly monitoring the condition of its assets to ensure that they are in a satisfactory condition and then spending appropriate funds to address any indentified backlog.	

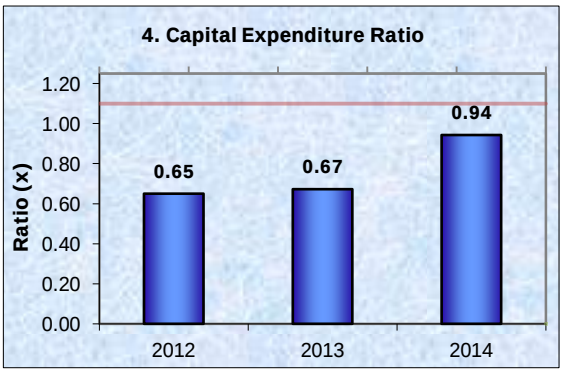


—— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Maintenance Ratio
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2013/14 Result	
2013/14 Ratio	1.00 x
Council is currently investing enough funds to stop the infrastructure backlog getting bigger. Factor outside Councils control such as weather patterns can dramatically	



—— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Capital Expenditure Ratio
To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2013/14 Result	
2013/14 Ratio	0.94 x
Councils overall capital expenditure for 2013/2014 was 94% of the overall depreciation expense.	

Wentworth Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

$ '000		Water 2014	Sewer 2014	General[1] 2014
Infrastructure Asset Performance Indicators By Fund				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) [1] / Depreciation, Amortisation & Impairment		**20.93%**	**2.27%**	**84.64%**
	prior period:	54.17%	0.00%	66.41%
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition / Total value[3] of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		**0.16**	**0.12**	**0.03**
	prior period:	0.00	0.00	0.00
3. Asset Maintenance Ratio				
Actual Asset Maintenance / Required Asset Maintenance		**1.00**	**1.00**	**1.00**
	prior period:	0.00	0.00	1.00
4. Capital Expenditure Ratio				
Annual Capital Expenditure / Annual Depreciation		**0.21**	**0.02**	**1.06**
	prior period:	0.54	0.00	0.72

Notes

(1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

(2) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

(3) Written down value

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

$'000	Actual[1] 13/14	Forecast[3] 14/15	Forecast[3] 15/16	Forecast[3] 16/17	Forecast[3] 17/18	Forecast[3] 18/19	Forecast[3] 19/20	Forecast[3] 20/21	Forecast[3] 21/22	Forecast[3] 22/23	Forecast[3] 23/24
(i) OPERATING BUDGET											
Income from continuing operations	20,000	20,876	20,995	21,297	22,834	23,417	23,018	23,657	24,294	24,931	25,607
Expenses from continuing operations	21,870	20,754	20,482	20,917	21,259	21,882	22,213	22,547	23,248	23,391	23,745
Operating Result from Continuing Operations	**(1,870)**	**122**	**513**	**380**	**1,575**	**1,535**	**805**	**1,110**	**1,046**	**1,540**	**1,862**
(ii) CAPITAL BUDGET											
New Capital Works [2]	921	750	190	590	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	5,684	9,516	10,342	9,317	10,234	9,910	8,176	8,389	8,566	8,782	9,102
Total Capital Budget	**6,605**	**10,266**	**10,532**	**9,907**	**10,234**	**9,910**	**8,176**	**8,389**	**8,566**	**8,782**	**9,102**
Funded by:											
– Loans	-	1,200	2,950	1,950	2,450	2,200	1,200	1,200	1,200	1,200	1,200
– Asset sales	79	419	308	310	300	300	300	300	300	300	300
– Reserves	2,492	2,024	-	-	-	-	-	-	-	-	-
– Grants/Contributions	1,904	1,630	1,608	1,367	2,376	2,385	1,394	1,404	1,414	1,424	1,434
– Recurrent revenue	2,130	4,993	5,666	6,280	5,108	5,025	5,282	5,485	5,652	5,858	6,168
– Other	-	-	-	-	-	-	-	-	-	-	-
	6,605	**10,266**	**10,532**	**9,907**	**10,234**	**9,910**	**8,176**	**8,389**	**8,566**	**8,782**	**9,102**

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Wentworth Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation [1]			
Last Year Notional General Income Yield	a	4,371	4,517
Plus or minus Adjustments [2]	b	(5)	9
Notional General Income	c	**4,366**	**4,526**
Permissible Income Calculation			
Special variation percentage [3]	d		
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or **plus** Rate peg amount	i = c x e	148	104
or **plus** Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	**4,514**	**4,630**
plus (or minus) last year's Carry Forward Total	l	3	0
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	**3**	**0**
Total Permissible income	o = k + n	**4,517**	**4,631**
less Notional General Income Yield	p	4,517	4,631
Catch-up or (excess) result	q = o - p	**0**	**(0)**
plus Income lost due to valuation objections claimed [4]	r	-	-
less Unused catch-up [5]	s	-	-
Carry forward to next year	t = q + r - s	**0**	**(0)**

Notes

1. The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
2. Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
3. The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
4. Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
5. Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

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WENTWORTH SHIRE COUNCIL
Special Schedule No. 9
Independent Auditors' Report to the Council for the Year ended 30 June 2015

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wentworth Shire Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, Special Schedule No. 9 of Wentworth Shire Council for the year ending 30 June 2015 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income for the year ending 30 June 2015 is presented fairly. As a result, the schedule may not be suitable for another purpose.

Pitcher Partners

PITCHER PARTNERS

Millington

C R MILLINGTON
Partner

Sydney, 3 November 2014